

STATEMENT OF PURPOSE

RS18830

This legislation creates an alternative deed of trust foreclosure process as it relates to guarantors of obligations of deeds of trust. These amendments would restrict a lender from pursuing the judicial collection of a debt secured by a deed of trust until the borrowers, co-obligors and guarantors have been given an opportunity to voluntarily make a public auction sale of the real estate collateral. These amendments also clarify that any proceeds from the sale of foreclosed properties of deeds of trust, regardless of when that sale takes place, must be applied to reduce the outstanding loan balance and hence reduce the liability of borrowers, co-obligors and guarantors

FISCAL NOTE

There will be no fiscal impact to the State General Fund.

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